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Executive Registry
77-6477

28 February 1977

MEMORANDUM FOR: Admiral Stansfield Turner

FROM   :   John F. Blake
                   Deputy Director for Administration

SUBJECT   :   Question on Retirement

REFERENCE   :   Your Memo of 13 February 1977,
                       Same Subject

        Sir:

    1.   Submitted below is information which I trust responds
to your question of how much your retirement pay would be
increased if you should elect to retire and remain employed as
DCI for five years. For purposes of the computations which
follow, we assumed that your retirement rank will be approved
as a Full Admiral.

    2.   Option 1:   Upon your new retirement from civilian
status as DCI, you can waive your military retired pay. This
allows you to combine all your military service with the five
years of civilian service and draw a civilian service retire-
ment annuity based on the following:

        a.   Service - Military: 23 Jun 1943-28 Feb 1977
                                     (33 yrs., 8 mos., 8 days)

                 - CIA   :   1 Mar 1977 - 28 Feb 1982
                                     (5 yrs., 0 mos., 0 days)

        Total Service   :   38 years, 8 mos., 8 days

        High 3 Average Salary: $57,500
                            (based on proposed new EP Level II
                            rate)

        Basic Annuity   : $42,310 or 3.526 per month

        Reduced Annuity   : $38,349 or 3.196 per month

        Survivor Benefit   : $23,271 or 1,939 per month

Succession/DCI/
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b. By operation of law, at age 62 your annuity will be recomputed to eliminate all military service performed after 1 January 1957, which is subject to coverage under Social Security, resulting in the following annuity payable at age 62:

Basic Annuity	$19,119 or 1,593 per month
Reduced Annuity	$17,477 or 1,456 per month
Survivor Benefit	$10,515 or 876 per month

Comment:

a. We have assumed both for your military retirement and for the calculations based on civilian status that you would elect a reduced annuity to provide survivorship benefits for your wife. Based on our assumption of your retirement as full Admiral, your reduced military annuity would be $2,830 per month. (This includes a 4.8% cost-of-living increase effective 1 March 1977.)

b. You will note from b. above that the recomputation at age 62 results in a massive decrease in your monthly annuity. Of course, you will be eligible to receive a Social Security annuity, estimated on the basis of current law at $320 per month. Thus, at age 62 under this particular option you would be receiving a civilian annuity of $1,456 and a Social Security annuity of $320 monthly, or a total of $1,776 per month. This total, $1,776 you should compare with our estimate of your military annuity without civilian service of $2,830 per month.

c. You should consider that under obligation and until age 62, your annuity as shown above of $3.196 per month as compared with your military annuity of $2,830 per month gives you a net gain of $366 per month for the years subsequent to your retirement as a civilian and to age 62, or roughly $16,000 to $18,000 for the total period. At age 62, however, your annuity loss, that is to say, the difference between your military annuity of $2,830 and your civilian annuity plus Social Security of $1,776, is $1,054 per month. This annuity loss would be suffered from age 62 for life.

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3. Another option is for you to continue to draw your military retired pay. If you leave the Federal Service as a civilian prior to age 62, you can then elect a deferred annuity payable at age 62 based only on your civilian service. Using as an example five years of civilian service, you could receive the following annuity payable at age 62:

Basic Annuity	$4,313 or 359 per month
Reduced Annuity	$4.152 or 346 per month
Survivor Benefit	$2,372 or 198 per month

Comment: Again assuming you elect a reduced annuity, at age 62, you would receive on a monthly basis your military annuity of $2,830, our estimate of $320 for Social Security, and the $346 as shown above, or a total of $3,496 monthly. You will note that these estimates result in a higher monthly annuity than shown in paragraph 2 above.

4. As you can see, the relationship between military retired pay and civilian retirement is extremely technical. If you wish, we could arrange for our Chief, Retirement Operations Branch to meet with you to discuss these calculations in greater detail and to answer other questions which you may have.

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John F. Blake

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REMARKS:

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3/2/77

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FROM: *DDA - R02*		
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FORM NO. 241
1 FEB 55   REPLACES FORM 36-8
WHICH MAY BE USED.   (47)